Minor corrections resulting from OFIS memo dated March 17, 2005.

9 5 4 7 1 2 0 0 4 2 0 1 0 0 1 0 0

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

THE WELLNESS PLAN

NAIC Group Code 1150 (Current Period) 1150 (Prior Period) NAIC Company Code 95471 Employer's ID Number 38-2008890

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [X] No [ ]

Incorporated 11/08/1972 Commenced Business 02/28/1973

Statutory Home Office 7700 SECOND AVENUE (Street and Number), DETROIT, MI 48202 (City or Town, State and Zip Code)

Main Administrative Office 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500 (Area Code) (Telephone Number)

Mail Address 7700 SECOND AVENUE (Street and Number or P.O. Box), DETROIT, MI 48202 (City or Town, State and Zip Code)

Primary Location of Books and Records 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500-27828 (Area Code) (Telephone Number)

Internet Website Address www.wellplan.com

Statutory Statement Contact Rao Kakarala Mr. (Name) 313-202-8500-27828 (Area Code) (Telephone Number) (Extension)
rkakarala@wellplan.com (E-mail Address) 313-202-6870 (FAX Number)

Policyowner Relations Contact 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500 (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
James Eric Gerber	Deputy Rehabilitator		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

State of Michigan
County of Wayne
ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

James Eric Gerber
Deputy Rehabilitator

Subscribed and sworn to before me this
30 day of March, 2005

a. Is this an original filing? Yes [ ] No [X]
b. If no,
1. State the amendment number 1
2. Date filed 03/30/2005
3. Number of pages attached 6

Polly J. Jones
Notary Public, Wayne County, MI
August 17, 2007

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	644,613		644,613	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	11,461,304
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ .... encumbrances)	18,829,675		18,829,675	20,275,152
4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
4.3 Properties held for sale (less $ .... encumbrances)			0	0
5. Cash ($ 51,760,048 , Schedule E, Part 1), cash equivalents ($ 3,154,295 , Schedule E, Part 2) and short-term investments ($ 0 , Schedule DA)	54,914,343		54,914,343	33,348,859
6. Contract loans, (including $ .... premium notes)			0	0
7. Other invested assets (Schedule BA)	329,757	0	329,757	1,080,195
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	74,718,388	0	74,718,388	66,165,510
11. Investment income due and accrued	32,246		32,246	46,295
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	154	154	0	655,510
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premium)			0	0
12.3 Accrued retrospective premium			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	1,393,965	1,332,099	61,866	367,512
18. Furniture and equipment, including health care delivery assets ($ 964,150)	2,042,213	485,128	1,557,085	3,205,016
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	9,913	9,913	0	0
21. Health care ($ 5,915,748) and other amounts receivable	5,950,588	3,648,805	2,301,783	3,584,857
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	484,921	484,921	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	84,632,388	5,961,020	78,671,368	74,024,700
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	84,632,388	5,961,020	78,671,368	74,024,700
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Employee advances	0	0	0	0
2302. Prepaid expenses	484,921	484,921	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	484,921	484,921	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Wellness Plan (TWP) are presented on the basis of accounting practices permitted by the Michigan Office of Financial and Insurance Services (OFIS).

As of January 1, 2003, OFIS has adopted the NAIC's *Accounting Practices and Procedures* as a component of prescribed and permitted practices. OFIS has certain permitted practices that can be used as a phase-in for the accounting practices.

1. Three-year phase-in period for the limitation of admitted electronic data processing equipment and software (SSAP 16)
2. Three-year phase-in period for the amount of nonadmitted furniture and equipment (SSAP 19)

TWP, with the previous permission of OFIS, records their Malpractice Trust Self Insurance Fund and the Stop Loss Self Insurance Trust on Schedule BA. These two items are not specifically addressed in statutory accounting. If these funds were not allowed as admitted assets, the surplus would be decreased by $1,274,094 as December 31, 2004 and by $2,009,040 as of December 31, 2003.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

		12/31/04	12/31/03
(1)	Net income – Michigan OFIS basis	$ 28,924,576	$ 5,096,000
(2)	State prescribed practices	-0-	-0-
(3)	State permitted practices	-0-	-0-
(4)	Net income – NAIC SAP	$ 28,924,576	$ 5,096,000
(5)	Statutory surplus – Michigan OFIS basis	$ 38,323,570	$ 8,606,172
(6)	State prescribed practices (surplus):		
	EDP Equipment	-0-	215,440
	Furniture and equipment	592,935	1,802,686
(7)	State permitted practices (surplus):	-0-	-0-
(8)	Statutory surplus – NAIC SAP	$ 37,730,635	$ 6,588,046

B. Use of Estimates in the Preparation of the Financial Statements:

The preparation of financial statements in conformity with NAIC's and OFIS's accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities and capital and surplus—statutory basis and revenues and expenses and capital and surplus—statutory basis for the period reported on. Actual results could differ from those estimates.

C. Accounting Policy:

Fair Value of Financial Instruments—The carrying amounts of cash, short-term investments, receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these items. Investments are valued at fair values, which are based on quoted market prices.

Cash and Short-Term Investments—Cash and short-term investments are carried at cost, which approximate fair market value, and are comprised of cash and highly liquid short-term investments with an original maturity of 90 days or less.

Investments—Investments consist primarily of mutual funds and short-term interest bearing investments with original maturities greater than three months. Investments are stated at fair value, which are based on quoted market prices. Investment income, including interest, dividends and realized gains and losses are included in the statement of revenue over expenses. Unrealized gains and losses are excluded from excess of expenses over revenues.

Inventories—Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Property and Equipment—Property and equipment are stated at cost. Depreciation is

NOTES TO FINANCIAL STATEMENTS

computed by the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 30 years.

Statutory Reserves—As a condition of licensure with the State of Michigan, the Corporation is required to maintain in a contingency fund a deposit of $1,000,000 as of December 31, 2004 and 2003, as an additional resource to provide for health care services for its members. This deposit is restricted and is held in a jointly administered trust fund with the Michigan Insurance Bureau. The funds are invested in certificates of deposit and U.S. Government securities and recorded as cash and short-term investments.

Revenue Recognition—Revenue is recognized during the month in which coverage for enrolled members is in effect. Unearned revenue represents advance billings prior to that in which coverage is in effect.

Accrued Medical Claims—Health care costs are accrued in the period services are provided to the enrolled members based in part on estimates, including an accrual for medical services provided but not yet reported. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated. Differences in estimates resulting there from are reflected in current operations.

Malpractice Costs—The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Tax Status—The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal income taxes has been made in the financial statements.

2. Accounting Changes and Correction of Errors

As of January 1, 2003, OFIS has adopted the NAIC's Accounting Practices and Procedures as a component of prescribed and permitted practices. OFIS has certain prescribed practices that can be used as a phase-in for the accounting procedures.

• The Company's Retired Employees Health Insurance Fund was redetermined during 2004. Any funding exceeding the actuarially determined liabilities was transferred to the Company operations, and is no longer required to be reported as a nonadmitted asset. The amount reported as a nonadmitted asset as of December 31, 2003 is based on the following amounts:

	12/31/04	12/31/03
Employee Benefit Trust Fund – Investments	644,613	659,080
Employee Benefit Trust Fund – Cash	-0-	1,194,668
Subtotal	644,613	1,853,748
Accrued Pension Benefit Liability	644,613	823,963
Prepaid employee benefits	-0-	1,029,785

• The reported amount for computer hardware is limited to 15%, for 2004, and 25%, for 2003, of the Company's capital surplus, as allowed under the State of Michigan prescribed accounting practices. The amount of the Company's non-operating systems software is treated as a non-admitted asset.

	12/31/04	12/31/03
Capital and surplus, beginning of period	21,612,564	5,069,062
Percentage allowed	15%	25
Allowable limit of computer equipment	3,241,885	1,267,266
Amount of EDP equipment and software	1,393,965	2,477,122
Less amount of EDP software	1,332,099	2,109,610
Net amount of EDP equipment	61,866	367,512
Admitted amount (not to exceed the allowable limit as determined above)	61,866	367,512
Nonadmitted amount	1,332,099	2,109,610

• Office Furniture and Equipment is stated at 55%, for 2004, and 85%, for 2003, of the net book value as allowed under the State of Michigan's prescribed accounting practices.

NOTES TO FINANCIAL STATEMENTS

	12/31/04	12/31/03
Furniture and Equipment	$ 2,042,213	$ 3,523,137
Less: Medical Delivery assets **	964,150	1,402,330
Net Office Equipment	1,078,063	2,120,807
Admitted amount at 55% of total (2004)	592,935	
Admitted amount at 85% of total (2003)		1,802,686
Nonadmitted amount	485,128	318,121

** Medical Delivery assets of $964,150 and $1,402,330 at December 31, 2004 and December 31, 2003, respectively, consists of inventory of medical supplies, drugs and staff clinics equipment and were deducted from the total office furniture and equipment when determining the amount of nonadmitted assets.

• The estimated useful lives of the Company's computer hardware, software, and medical equipment were recently re-evaluated to comply with SSAP Statements 16, 19, and 73, which resulted in an one-time charge to depreciation expense that was recorded as of June 30, 2004. The one-time charge, which was recorded in June 2004, totalled about $320,000.

• During 2003, the Corporation recognized an impairment loss resulting from the adjustment to fair market value for the land and building at Northwest Health Center.

Original cost of property	$ 9,013,215
Less: accumulated depreciation	2,997,839
Net book value before impairment loss	6,015,376
Less fair market value per appraisal	5,000,000
Impairment loss recognized in 2003	$ 1,015,376

• Prior period adjustments as shown as an aggregate write-in on the Capital and Surplus schedule (see page 5), were included in the Audited Financial Statements for the year ended December 31, 2002, and represent the adjustment of claims incurred but not reported totalling $6,312,308.

3. Business Combinations and Goodwill:

   A. Statutory Purpose Method: Not applicable
   B. Statutory Merger: Not applicable
   C. Assumption Reinsurance: Not applicable
   D. Impairment Loss: Not applicable

4. Discontinued Operations:

The Michigan Department of Community Health did not renew its contract for Medicaid coverage, which expired September 30, 2004. As a result, all remaining members were sold either to Molina Healthcare of Michigan (membership in Wayne, Oakland, Muskegon and Oceana Counties), McLaren Health Plan (membership in Genesee and Lapeer Counties) or to Total Health Care (membership in Macomb County). The total sale price amounted to $22,698,253 and is reported on the Statement of Revenue and Expenses (Page 4) on Line 29 and is included in the Cash Flow (Page 6) in Line 16.6.

The Company ended its commercial line of business for practically all of its groups on June 30, 2004 or earlier, as well as the contract for the Company's employee health care coverage, which ended July 31, 2004.

5. Investments (Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities and Repurchase Agreements)

   A. Mortgage Loans: Not applicable
   B. Debt Restructuring: Not applicable
   C. Reverse Mortgages: Not applicable
   D. Loan-Backed Securities: Not applicable
   E. Repurchase Agreements: Not applicable
   F. Real Estate: Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies: Not applicable

7. Investment Income: Not applicable

8. Derivative Instruments: Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes:

The corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

10. Information Concerning Parent, Subsidiaries and Affiliates:

Wellcorp, Inc.: the reported value of this subsidiary is $9,913 at December 31, 2004 and is treated as a non-admitted asset for statutory reporting purposes.

WellChoice: The reported value of this subsidiary is $-0- at December 31, 2004.

11. Debt: None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan: Not applicable
B. Defined Contribution Plans: Corporation employees are covered by a qualified defined contribution pension plan sponsored by The Wellness Plan. Contributions of six percent (6%) of each employee's compensation are made each year. The corporation's contribution to the plan was $882,288 for 2004 and $948,200 for 2003. At December 31, 2004, the fair value of plan assets was $10,533,849.
C. Multiemployer Plans: Not applicable
D. Consolidated/Holding Company Plans: Not applicable
E. Postemployment Benefits and Compensated Absences: The Employees' Retirement Health Care Plan replaces the defined benefit postretirement health care plan, which was terminated in July 2001, and covers 17 retired employees who were receiving benefits under the old plan. Plan assets totaled $644,613 at December 31, 2004 and $1,853,873 at December 31, 2003 and consist of equity and bond mutual funds and cash equivalents.

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

Not applicable

14. Contingencies:

Litigation: Various lawsuits are filed against the Corporation for incidents which arise in the ordinary course of business. In the opinion of the Corporation's management, the outcome of the lawsuits will not have a material adverse effect on the financial position of the Corporation.

Malpractice Self-Insurance: The Corporation purchased insurance policies to provide for medical malpractice claims up to a maximum of $200,000. In conjunction with this insurance policy, the Corporation also has a self-insurance program in effect which provides for claims exceeding $200,000.

WellChoice: The Texas Department of Insurance placed the Corporation's subsidiary, WellChoice, into temporary receivership in February 1999. In June 2000, the Texas Department of Insurance filed a claim against the Corporation to recover the outstanding liabilities of WellChoice. Management believes that any obligation the Corporation may incur on behalf of WellChoice would not have a material adverse effect on the consolidated financial position of the Corporation.

15. Leases:

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 2004.

2005	$ 225,929
2006	130,345
2007	108,723
2008	41,964
Total minimum payments required:	$ 506,961

NOTES TO FINANCIAL STATEMENTS

The total rental expense for all operating leases amounted to $357,293 in 2004 and $557,419 in 2003.

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk:

    Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

    A. Transfers of Receivables Reported as Sales: Not applicable
    B. Transfer and Servicing of Financial Assets: Not applicable
    C. Wash Sales: Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

    A. ASO Plans: Not applicable
    B. ASC Plans: Not applicable
    C. Medicare or Similarly Structured Cost Based Reimbursement Contract: Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

    Not applicable

20. September 11 Events: Not applicable

21. Other Items: Not applicable

    A. Extraordinary Items: Not applicable
    B. Troubled Debt Restructuring: Debtors: Not applicable
    C. Other Disclosures: Not applicable
    D. Uncollectible assets covered by SSAP 6: No changes
    E. Business Interruption Insurance Recoveries: Not applicable

22. Events Subsequent:

    None after December 31, 2004. Items reported in this section earlier in the year were transferred to the discontinued operations section. (See Note #4.)

23. Reinsurance:

    A. Ceded Reinsurance Report: Not applicable
    B. Uncollectible Reinsurance: Not applicable
    C. Commutation of Ceded Reinsurance: Not applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination: Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

    Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased $8,163,969 from $49,391,456 at December 31, 2003 to $41,227,487 at December 31, 2004 as a result of the reestimation of unpaid claims and claim adjustment expenses. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased when additional information becomes known regarding individual claims.

    On July 1, 2003, the Corporation was placed under an Order of Rehabilitation. Unpaid claims for services provided to the Rehabililitation Order include the following amounts:

NOTES TO FINANCIAL STATEMENTS

Medical claims	$ 20,208,959
Other medical liabilities	1,550,472
IPA cost settlements	3,048,897
Retention withholds	214,304
Accounts payable	1,401,941
Total	$ 26,424,573

26. Intercompany Pooling Arrangements: Not applicable

27. Structured Settlements: Not applicable

28. Health Care Receivables:

A. Pharmaceutical Rebate Receivables:

	Estimated pharmacy rebates as reported on financial statements	Pharmacy rebates as billed or otherwise confirmed	Actual rebates received within 90 days of billing	Actual rebates received within 91- 180 days of billing	Actual rebates received more than 180 days after billing
12/31/2004	255,505	45,427	-0-	-0-	5,495
9/30/2004	215,573	50,782	-0-	-0-	126,221
6/30/2004	291,012	-0-	-0-	-0-	322,542
3/31/2004	613,553	(146,420)	-0-	-0-	254,611
12/31/2003	1,014,585	729,733	-0-	-0-	601,972
9/30/2003	886,824	336,039	-0-	-0-	208,089
6/30/2003	758,874	79,807	-0-	-0-	147,582
3/31/2003	826,649	237,408	-0-	-0-	237,854
12/31/2002	827,095	342,202	-0-	-0-	235,107
9/30/2002	720,000	380,727	-0-	-0-	487,610
6/30/2002	826,883	245,991	-0-	-0-	304,256
3/31/2002	885,148	240,229	-0-	-0-	335,103

B. Risk Sharing Receivables:

Calendar year	Evaluation period ending year	Risk sharing receivable as estimated in the prior year	Risk sharing receivable as estimated in the current year	Risk sharing receivable billed	Risk sharing receivable not yet billed	Actual risk sharing amounts received in year billed	Actual risk sharing amounts received in second subsequent year	Actual risk sharing amounts received – all other
2004	2004	335,349	335,877	-0-	355,877	-0-		
	2005		-0-					
2003	2003	717,782	658,733	717,782		-0-		
	2004		335,349					
2002	2002	45,334	332,844	45,334	287,510	-0-	58,725	19,575
	2003		717,782					

29. Participating Policies: Not applicable

30. Premium Deficiency Reserves

At December 31, 2003, the Company recorded a loss of $225,000 in commercial premium deficiency reserves based on expected losses occurring during 2004. Resulting from the net reduction of commercial membership as well as the reduction in incurred claims expenses, $225,000 was recognized as a reduction of medical expenses for the year ended December 31, 2004.

31. Anticipated Salvage and Subrogation: Not applicable

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only $

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives $ 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives $ 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives $ 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 162,198,377	$ 228,913,367
2.2	Premium Denominator	$ 162,198,377	$ 228,913,367
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 32,420,387	$ 49,616,456
2.5	Reserve Denominator	$ 32,420,387	$ 49,616,456
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [X] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year 2,491

8.2 Number of providers at end of reporting year 0

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses $ 0

10.22 Amount actually paid for year bonuses $ 0

10.23 Maximum amount payable withholds $ 333,831

10.24 Amount actually paid for year withholds $ 142,761

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [ ] No [X]

11.13 An Individual Practice Association (IPA), or, Yes [ ] No [X]

11.14 A Mixed Model (combination of above) ? Yes [X] No [ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. Michigan

11.4 If yes, show the amount required. $ 10,210,324

11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Not applicable after September 30, 2004